<u>REMARKS</u>

Claims 1-25 are pending in the application. Claims 16, 18, 19, and 22 have been amended herein. Favorable reconsideration of the application, as amended, is respectfully requested.

I. ALLOWABLE SUBJECT MATTER

Applicants acknowledge with appreciation the allowance of claims 1-15. The Examiner states in the allowable subject matter section of the Office Action dated October 22, 2003 that "claims 2-15 depend on claim 1." It is noted that claim 11 is an independent claim, and claims 12-15 are dependent from independent claim 11. Irrespective of the Examiner's statement, Applicants believe that claims 1-15 are in condition for allowance.

Applicants acknowledge with appreciation the indicated allowability of claims 18-23 subject to being amended to independent form. Claims 18, 19, and 22 have been amended to be in independent form. Therefore, independent claims 18, 19, and 22, and their dependent claims 20, 21, and 23 are believed to be in condition for allowance.

Applicants believe that other pending claims are also in condition for allowance for at least the reasons set forth below.

II. CLAIM OBJETIONS

Claims 18 and 19 stand objected to due to typo graphical errors. However, the originally-filed claims 18 and 19 do not contain these errors. See, page 36 of the original specification. In order to correct a typographical error, claim 18 has been amended to change "channels" to — channel—. Withdrawal of the objections is respectfully requested.

III. REJECTIONS OF CLAIMS 16, 17, 24, AND 25 UNDER 35 U.S.C. § 103

Claims 16, 24, and 25 stand rejected under 35 U.S.C. § 103(a) based on combination of U.S. Patent No. 5,898,833 (K.idder), U.S. Patent No. 6,195,388 (Choi), U.S. Patent No. 5,606,369 (Keesman), and U.S. Patent No. 6,259,733 (Kaye). Claim 17 stands rejected under 35 U.S.C. § 103(a) based on combination of Kidder, Choi, Keesman, Kaye, and U.S. Patent No. 6,205,151 (Quay). These claims are believed to be allowable for at least the following reasons. Withdrawal of the rejection is respectfully requested.

Independent claim 16 has been amended to further clarify one of the aspects of the invention. Specifically, claim 16 requires "reducing the bit rate <u>by re-encoding</u> for the selected channel." Support for the amendment is found at, for example, page 14, line 13 - page 15, line

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16; and page 29, line 3 - page 30, line 13 of the present specification. No new matter has been introduced by the amendment.

Applicants believe that nothing in the cited references teaches or suggests this feature recited in independent claim 16, i.e., reduction in bit rate by utilizing re-encoding technique. Therefore, amended independent claim 16, and its dependent claims 17, 24, and 25 are believe to be allowable over the cited art. Withdrawal of the rejections is respectfully requested.

IV. CONCLUSION

Applicants believe that all pending claims are in condition for allowance, and respectfully request a Notice of Allowance at an early date. If the Examiner believes a telephone conference would expedite prosecution of this application, please telephone the undersigned at 510-843-6200, ext. 245.

Respectfully submitted, BEYER WEAVER & THOMAS, LLP

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Limited Recognition under 37 CFR § 10.9(b)

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Expires: August 28, 2004

Harry I. Moatz

Director of Enrollment and Discipline